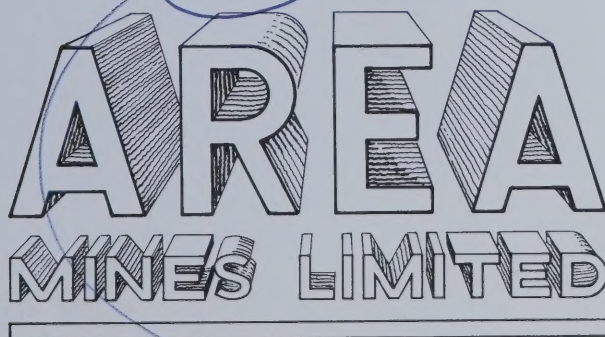


AR48

**ANNUAL
REPORT**

1967



AREA MINES LIMITED

(No Personal Liability)

Statement of Exploration and Administrative Expenditures Deferred

For the Six Months Ended June	30 1967	1966
Balance, January 1	\$ 99,863	\$ 77,832
Exploration expenditures for the period	8,832	24,379
ADMINISTRATIVE EXPENDITURES FOR THE PERIOD:		
Transfer and registrar agents fees and disbursements ..	1,234	814
Legal fees	2,203	599
Miscellaneous expenses	7,694	5,059
	<u>11,131</u>	<u>6,472</u>
Total exploration and administrative expenditures for the period	19,963	30,851
Deduct — Investment Income	21,539	5,408
Net exploration and administrative expenditures for the period	(1,576)	25,443
Balance, June 30	<u>\$ 98,287</u>	<u>\$ 103,275</u>

Statement of Source and Application of Funds

For the Six Months Ended June 30

	1967	1966
Working Capital, January 1 ..	\$ 809,314	\$1,036,325
SOURCE OF FUNDS:		
Profit on sale of investments	5,268	—
Depreciation charges	—	606
Equipment sales	—	773
Investment Income	21,539	5,408
	<u>26,807</u>	<u>6,787</u>
APPLICATION OF FUNDS:		
Exploration and administrative expenditures for the period	19,963	30,851
Purchase of investments in affiliated companies	224,363	—
	<u>244,326</u>	<u>30,851</u>
Net decrease for the period ..	217,519	24,064
Working Capital, June 30	<u>\$ 591,795</u>	<u>\$1,012,261</u>

N.B. Above figures are unaudited.

Printed in Canada

AREA MINES LIMITED

AR48



INTERIM REPORT

6 MONTHS ENDED JUNE 30, 1967

Executive Offices

Suite 1000,
11 Adelaide Street West,
TORONTO, ONTARIO

AREA MINES LIMITED

To the Shareholders:

As outlined in the annual report, the major effort and expenditures in the current year have been directed to the operations of Wexford Mines Limited and the maintenance of the company's investment position in this important new mining enterprise. In the period ended June 30, 1967 Area completed its joint financing agreement with Frobex by the purchase of a further 393,125 Wexford shares for \$224,313, bringing its total holdings to 1,465,000 shares or 41.8% of the issued capital.

In July a further 86,176 shares of Wexford Mines were purchased at \$3.00 per share under the terms of an offering to shareholders, which maintains Area's percentage interest unchanged.

At the Wexford property in the Gaspé area, Quebec, the development programme is proceeding on schedule with the exploratory adit having been driven to a point 1,400 feet from the portal, and the ore zone should be reached during the latter part of August if the present schedule is maintained.

On surface, two diamond drills have been employed checking the north end of the ore at horizons above those covered in previous drilling. Three holes completed to date gave the following results:

- Hole S-43 110 feet @ 2.04% Copper
from 475 to 585 feet.
- S-44 Drilled over top of zone —
no values.
- S-45 119 feet @ 1.16% Copper
from 319 to 438 feet.
- 20 feet @ 0.73% Copper
from 515 to 535 feet.

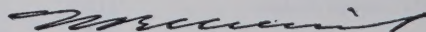
Underground drilling was started with one machine when the adit had advanced beyond the first drilling station. Two holes completed to date from the adit have intersected the ore zone at greater depths than hitherto indicated by surface drilling. Results of these are as follows:

- Hole U-1 118 feet @ 1.33% Copper
from 646 to 764 feet.
- U-2 30 feet @ 0.82% Copper
from 665 to 695 feet.
- Dyke no values
695 to 720.5 feet.
- 76 feet @ 1.88% Copper
from 720.5 to 796.5 feet.

Area and Frobex have jointly formed a second company, Mont Ste. Anne Mines Limited, to explore a group of claims adjoining Wexford Mines to the north. Prospecting these claims has uncovered copper, lead, and zinc mineralization and immediate drilling is planned.

The company has been advised that drilling will be underway in September on the Patapedia claim group in New Brunswick, where exploration work is being financed by other companies of the Keevil Mining Group under the terms of the agreement approved at the last shareholder's meeting.

On behalf of the Board,



N. B. KEEVIL

President

August 25, 1967

AREA MINES LIMITED

(No Personal Liability)

DIRECTORS

J. M. R. CORBET, Toronto, Ontario
Director, Canada Permanent Trust Company
Mattagami Lake Mines Limited

J. B. GOAD, Toronto, Ontario
Vice-Chairman, J. L. Goad & Co. Limited

N. B. KEEVIL, M.Sc., Ph.D., Port Credit, Ontario
President, Teck Corporation Limited

N. B. KEEVIL JR., M.Sc., Ph.D., P.Eng.,
Toronto, Ontario
President, Geophysical Engineering &
Surveys Limited

J. H. WESTELL, Islington, Ontario
Vice-President, Keevil Mining Group Limited

R. J. WRIGHT, B.A., LL.B., Toronto, Ontario
Partner, Lang, Michener, Cranston,
Farquharson & Wright

OFFICERS

NORMAN B. KEEVIL *President*

NORMAN B. KEEVIL JR. *Vice-President*

ROBERT J. WRIGHT *Secretary*

JAMES H. WESTELL *Treasurer*

REGISTRAR & TRANSFER AGENTS

CANADA PERMANENT TRUST COMPANY
Toronto and Montreal

AUDITORS

J. CLARE WILCOX & Co.
Toronto, Ontario

EXECUTIVE OFFICE

Suite 4900
P.O. Box 49, Toronto-Dominion Centre
Toronto, Ontario

ANNUAL MEETING

Thursday, June 13, 1968
11:30 A.M. — Eastern Daylight Time
Lamaque Directors Lodge
Bourlamaque, Quebec



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AREA MINES LIMITED

REPORT OF THE DIRECTORS

TO THE SHAREHOLDERS:

As outlined in the 1966 report, the major effort and expenditures of the company during 1967 were directed to financing the development of Wexford Mines Limited under the joint agreement with Frobex Limited.

During the year a further 479,301 treasury shares of Wexford Mines Limited were purchased for an amount of \$482,840, bringing total holdings to 1,551,176 shares. Underground development expanded the drill-indicated copper ore reserves to the point where production at a rate of 2,500 tons per day appears justified.

In the late fall, McIntyre Porcupine Mines Limited, a major shareholder in Frobex and who had purchased part of the vendors' interest in Wexford Mines, offered to provide the necessary financing, estimated by their consultants to be \$15,000,000. After due negotiation, a new 5,000,000 share Quebec company — Les Mines Madeleine Ltée. — was incorporated to acquire all the assets and liabilities of Wexford Mines Limited on a resulting share-for-share exchange basis. McIntyre then agreed to provide funds through the purchase of units of 5% first mortgage income bonds and common shares. A total of \$12,500,000 in 5% first mortgage income bonds due December 31, 1982 and 1,000,000 common shares would be issued for \$12,500,000. If required, a further \$2,500,000 will be provided by the purchase of additional bonds. The agreement and transfer of assets was approved by Wexford shareholders on March 13, 1968. Les Mines Madeleine Ltée. shares will be distributed to Wexford shareholders on a share-for-share basis and Wexford Mines Limited will be wound up.

As a result of this arrangement our company will have a 1,551,176 share interest in Les Mines Madeleine Ltée. Under terms of a joint agreement between Area, Frobex and McIntyre, it is proposed at a later date to apply for the listing of Les Mines Madeleine Ltée. shares on the Toronto and Canadian stock exchanges. To aid this, Area Mines Limited agreed to the eventual sale and public distribution of a minimum of 300,000 shares from its holdings.

Construction is proceeding on schedule and it is expected that production will be attained by the second quarter of 1969.

Under a joint arrangement with Frobex, Area provided \$26,916 through share purchases for exploration work on the Mont Ste. Anne Mines Limited property in the Wexford area. This work did not disclose any ore occurrences of economic significance and no further activity is planned at the present time.


To provide funds for the Wexford and Mont Ste. Anne participations the remaining share interest in Canada Tungsten Mining Corporation Limited and 20,000 shares of Mattagami Lake Mines Limited were sold to realize \$384,093. Additional funds were obtained by bank borrowing. Area retains 23,086 shares of Mattagami Lake Mines Limited.

No direct exploration was carried out in the year. Under the arrangement with Keevil Mining Group Limited five holes drilled to test geophysical anomalies in the Patapedia area intersected only low values in copper and zinc.

In September the company was saddened by the sudden death of Mr. J. R. Mooney, who had served on the Board of Directors for twenty-seven years. The Board wishes to express its appreciation for his assistance and contribution to the direction of the company over these many years.

The company's main assets are its holdings in Les Mines Madeleine Ltée. and Mattagami Lake Mines Limited. Income from dividends or sale of equity in these will enable it to continue to participate in exploration projects in anticipation of another significant discovery.

On behalf of the Board,


N. B. KEEVIL, President

May 22, 1968

AREA MINES LIMITED

REPORT ON EXPLORATION

Area did no direct exploration during the year due to cash requirements at Wexford. Work on a joint Frobex-Area project held by Mont Ste. Anne Mines Limited was financed by purchase of shares in that company, while exploratory drilling at Patapedia was done by Keevil Mining Group Limited through a farmout agreement.

Exploration at Wexford during the year was limited, with the main efforts of the mine staff being directed towards preparation for production. It is hoped that increased attention will be paid to additions to ore reserves in the ensuing months.

Seven drill holes on the Mont Ste. Anne property failed to intersect commercial values, and there are no immediate plans for further work.

Five drill holes on Area's 39-claim property in the Patapedia area of New Brunswick intersected sub-marginal copper and zinc values.

Area holds an interest with another company in six claims in Warden Township, Ontario, on which previous drilling of an EM anomaly produced a short section of medium-grade copper. Consideration is being given to the two companies testing this and an adjoining anomaly with several more holes.



Folding in sediments at Wexford — Les Mines Madeleine

AREA MIN

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Balance Sheet as a

(with comparative figures)

ASSETS

	<u>1967</u>	<u>1966</u>
CURRENT ASSETS —		
Cash in bank	\$ 10,095	\$ 15,112
Trust and deposit accounts	359	544
Accounts receivable	305	3,566
Quoted shares in other mining companies at market value 1965, less sales (Quoted market value 1967 — \$337,644; 1966 — \$670,232)	386,774	830,788
	<u>\$ 397,533</u>	<u>\$ 850,010</u>
OTHER INVESTMENTS —		
Unquoted and escrowed shares in other mining companies — at cost since 1965	\$ 712,991	\$ 184,298
DEFERRED EXPLORATION EXPENSES	\$ 76,188	\$ 99,863
	<u><u>\$1,186,712</u></u>	<u><u>\$1,134,171</u></u>

NOTES TO FINANCIAL STATEMENTS

December 31, 1967

1. The investment in unquoted shares is principally in companies under development or exploration. The investment is non-marketable and the amount of \$712,991 is not intended to reflect present or future values.
2. There are 50,000 shares of the company stock which have been donated for the company's benefit and are held in trust in the names of N. B. Keevil and Sir Michael Butler, Bt.

S LIMITED

Liability)

Quebec Companies Act)

December 31, 1967


(at December 31, 1966)

LIABILITIES

	1967	1966
CURRENT LIABILITIES —		
Bank loan	\$ 143,500	\$ 35,000
Accounts payable and accrued liabilities	2,444	5,671
Provision for provincial taxes	130	25
	<u>\$ 146,074</u>	<u>\$ 40,696</u>
SHAREHOLDERS' EQUITY —		
Capital Stock		
Authorized —		
10,593,750 non-voting, non-cumulative 6% redeemable preferred shares with a par value of 25 cents each		
3,000,000 common shares with a par value of 25 cents each		
Issued and fully paid —		
2,000,000 common shares	\$ 500,000	\$ 500,000
Capital Surplus	1,681,604	1,681,604
	<u>\$2,181,604</u>	<u>\$2,181,604</u>
Deficit	1,140,966	1,088,129
	<u>\$1,040,638</u>	<u>\$1,093,475</u>
	<u>\$1,186,712</u>	<u>\$1,134,171</u>

Signed on behalf of the Board:

 Director.

 Director.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Area Mines Limited (No Personal Liability) as at December 31, 1967 and the statements of exploration and administrative expenditures deferred, deficit and source and use of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of exploration and administrative expenditures deferred, deficit and source and use of funds, when read in conjunction with the notes appended thereto present fairly the financial position of the company as at December 31, 1967 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

J. CLARE WILCOX & CO.

Toronto, February 26, 1968.

Chartered Accountants.

AREA MINES LIMITED

(No Personal Liability)

STATEMENT OF EXPLORATION AND ADMINISTRATIVE EXPENDITURES DEFERRED

For the Year Ended December 31, 1967

(with comparative figures for the year 1966)

	1967	1966*
Balance, beginning of year	\$ 99,863	\$ 77,832
Exploration expenditures for the year	\$ 2,566	\$ 55,621
Administrative expenditures for the year:		
Directors' fees	\$ 2,527	\$ 2,300
General administrative expenses	11,185	10,186
Interest	4,269	
Legal and audit fees	3,602	4,861
Transfer and registrar agents' fees and disbursements	2,625	2,938
Depreciation — office equipment		51
	\$ 24,208	\$ 20,336
Provincial income tax	25	25
	\$ 24,233	\$ 20,361
Total exploration and administrative expenses for the year	\$ 26,799	\$ 75,982
Deduct investment income	38,857	9,109
Balance of income over expenditure for the year	\$ 12,058	\$ (66,873)
Deduct — expenditures written off to deficit	500	34,841
— expenditures transferred to investments	11,117	10,001
	\$ 23,675	\$ 22,031
Balance, end of year	\$ 76,188	\$ 99,863

* Reclassified for comparative purposes

AREA MINES LIMITED

(No Personal Liability)

STATEMENT OF SOURCE AND USE OF FUNDS

For the Year Ended December 31, 1967

(with comparative figures for the year 1966)

	1967	1966*
Working capital, beginning of year	\$ 809,314	\$1,036,325
Source of funds:		
Investment income	\$ 38,857	\$ 9,109
Depreciation charges		2,528
Profit on sale of investments		7,808
Fixed asset sales		3,816
	<u>\$ 38,857</u>	<u>\$ 23,261</u>
Use of funds:		
Loss on sale of investments	\$ 52,337	
Purchase of investments other mining companies	517,576	\$ 174,290
Exploration and administrative expenditures for the year	26,799	75,982
	<u>\$ 596,712</u>	<u>\$ 250,272</u>
Net decrease	\$ 557,855	\$ 227,011
Working capital, end of year	<u>\$ 251,459</u>	<u>\$ 809,314</u>

* Reclassified for comparative purposes

DEFICIT ACCOUNT

For the Year Ended December 31, 1967

(with comparative figures for the year 1966)

	1967	1966
Balance, beginning of year	\$1,088,129	\$1,061,096
Add — exploration and administrative expenditures written off	500	34,841
— loss or (profit) on sale of investments	52,337	(7,808)
Balance, end of year	<u>\$1,140,966</u>	<u>\$1,088,129</u>



